

Message Text

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ACTION ARA-06

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FM AMEMBASSY PANAMA

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E.O. 11652: GDS

TAGS: PFOR, PN, PQ, US

SUBJECT: HIGHLIGHTS OF 405TH PRC MEETING, JULY 2

1. TREATY-RELATED MATTERS: AMBASSADOR OPENED MEETING WITH DISCUSSION OF STATUS OF TREATY NEGOTIATIONS, LOCAL REACTION TO SNYDER AMENDMENT AND STUDENT DEMONSTRATION AT EMBASSY ON JUNE 30. HE REFERRED TO DISCUSSION IN PREVIOUS MEETING REGARDING SITUATION OF FONMIN TACK AND SPOKE ABOUT THE SIGNIFICANCE AND IMPLICATIONS OF TACK'S DESIGNATION AS MINISTER-NEGOTIATOR AND APPOINTMENT OF OZORES AS ACTING FOREIGN MINISTER.

2. SCRAP IRON: AMBASSADOR REPORTED HIS CONVERSATION WITH PRESIDENT LAKAS AND LATTER'S APPARENT LACK OF CONCERN OVER POSSIBILITY CANAL ZONE SCRAP WOULD BE SOLD TO PURCHASER OTHER THAN GOP. GOVERNOR STATED HE WOULD MAKE ONE FINAL CALL TO PAN CANAL COUNSELOR GABRIEL LEWIS BEFORE SENDING LETTER ADVISING GOP OF PAN CANAL DECISION.

3. OLD FRANCE FIELD: GOVERNOR REPORTED HIS STAFF HAS STUDIED BID DOCUMENTS ISSUED BY COLON FREE ZONE AUTHORITIES FOR TECHNICAL CONSULTANT TO UNDERTAKE FINAL DESIGN "TO EXPAND FREE ZONE." GOVERNOR STATED CONSTRUCTION IN OLD FRANCE FIELD NOT CONTEMPLATED AT THIS TIME.

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4. TRT TAX PROBLEM: GOVERNOR EXPRESSED INTEREST IN HAVING DEPARTMENT'S VIEWS REGARDING TRT TAX LIABILITY TO GOP FOR ITS CANAL ZONE OPERATIONS. HE REQUESTED HE BE KEPT INFORMED OF DEVELOPMENTS.

5. COMMERCIAL FISHING IN CANAL ZONE: MINISTRY OF COMMERCE AND INDUSTRIES HAS REQUESTED MEETING WITH CZG OFFICIALS TO EXPLORE POSSIBILITY OF COMMERCIAL FISHING IN CANAL ZONE WATERS ON ATLANTIC SIDE. AMBASSADOR REQUESTED EMBASSY REPRESENTATIVES BE INVITED TO JOIN DISCUSSIONS WHEN HELD.

6. WATER RATES: GOVERNOR EXPRESSED GREAT CONCERN OVER INCREASING BUDGETARY DEFICITS OF PAN CANAL AS RESULT OF INABILITY TO REACH AGREEMENT WITH IDAAN OVER WATER RATES. OUT OF POCKET LOSSES OVER PRODUCTION COSTS IN 1974 AMOUNTED TO \$300,000. ESTIMATED LOSSES FOR 1975 AND 1976 ARE \$500,000 AND \$800,000, RESPECTIVELY. GOVERNOR REPORTED HE WILL SEND LETTER TO AMBASSADOR ASKING FOR INTERVENTION WITH FOREIGN MINISTRY TO SEEK EXPEDITIOUS RESOLUTION OF THE PROBLEM.

7. GOVERNOR'S TV INTERVIEW: A FURTHER DISCUSSION WAS HELD REGARDING THE ADVISABILITY OF THE GOVERNOR GRANTING A TAPE TELEVISION INTERVIEW. CONSENSUS DEVELOPED THAT PRESENT TIME WAS NOT THE MOST FAVORABLE TO CONDUCT SUCH AN INTERVIEW AS SENSITIVE TREATY RELATED QUESTIONS WOULD INEVITABLY ARISE.

8. REORGANIZATION OF SOUTHCOM: THE CINC REPORTED HE HAD RECEIVED A JCS DIRECTIVE REQUESTING A REORGANIZATION PLAN BY SEPTEMBER 15. GENERALLY, SOUTHCOM REORGANIZATION ENVISAGES A REDUCTION OF HEADQUARTERS STAFF FROM 217 TO 110 (FIGURES ARE FLEXIBLE). EACH COMPONENT COMMANDER WILL CARRY OUT ITS OWN REORGANIZATION IN ACCORDANCE WITH GUIDANCE RECEIVED FROM HIS SERVICE. AIR FORCE WILL CONSOLIDATE AT HOWARD AFB, VACATING SOME FACILITIES AT ALBROOK AND REDUCING ITS PERSONNEL FROM ITS PRESENT 2,200 TO BELOW 2,000. NAVY WILL HAVE VERY MODEST HEADQUARTERS OF APPROXIMATELY 90 OFFICERS AND MEN LOCATED AT NAVAL STA-
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TION AT RODMAN. ARMY, WHICH HAS ALREADY REORGANIZED FROM A MAJOR ARMY COMMAND TO A BRIGADE WILL UNDERGO FURTHER REORGANIZATION ALTHOUGH LARGE-SCALE PERSONNEL REDUCTIONS ARE NOT FEASIBLE. PRESENTLY ASSIGNED SPECIAL MISSION BRIGADE (193RD) MAY BECOME A TACTICAL BRIGADE WITH ADDITION OF ARMED HELICOPTERS. CINC REPORTED IT MAY BE POSSIBLE TO COMBINE CERTAIN FUNCTIONS WHICH PRESENTLY BEING CARRIED OUT BOTH IN SOUTHCOM HEADQUARTERS AND IN COMPONENT

COMMANDS, FOR EXAMPLE, SECURITY ASSISTANCE, PUBLIC INFORMATION, CHAPLAINS. JCS DIRECTIVE PROVIDES FOR ARMY LIEUTENANT GENERAL TO BE CINC; AIR FORCE BRIGADIER TO BE DEPUTY AND AT SAME TIME COMMAND AIR FORCE ELEMENT. NOTHING WAS SPECIFIED ABOUT ARMY AND NAVY COMPONENT COMMANDERS BUT CINC STATED HE WOULD RECOMMEND THAT EACH ALSO BE DESIGNATED AS DEPUTY AND THAT EACH COMMAND HIS OWN SERVICE ELEMENT. CINC NOTED THAT HIS SUCCESSOR WOULD NATURALLY HAVE HIS OWN VIEWS AND THAT THESE WOULD BE REFLECTED IN THE FINAL PLAN.

9. FORCE AUGMENTATION: CINC RECALLED HIS PREVIOUS REPORT THAT ADDITIONAL PATROL BOATS WOULD BE BROUGHT TO CANAL ZONE. HE STATED FIVE BOATS MAY NOW BE SENT HERE, ALLOWING FLITILLA TO BE SPLIT BETWEEN ATLANTIC AND PACIFIC SIDES. APPROXIMATELY 40 OFFICERS AND MEN INVOLVED IN PROPOSED FORCE AUGMENTATION BUT THERE IS NO INDICATION WHEN THIS MAY TAKE PLACE.

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